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Container Corporation of America

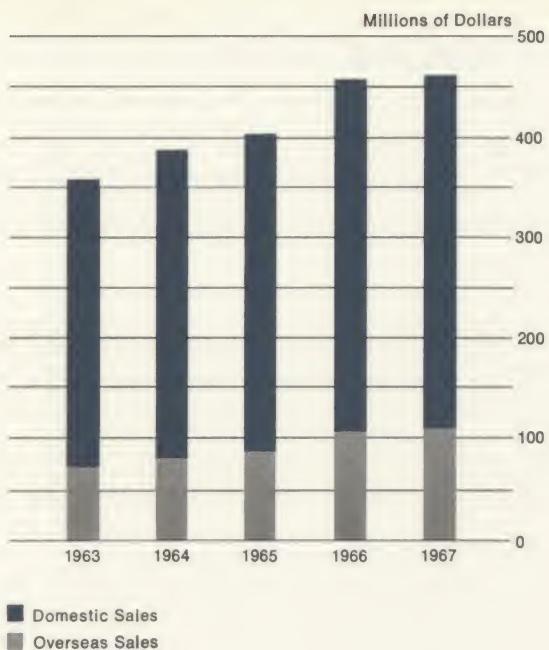
Annual Report 1967



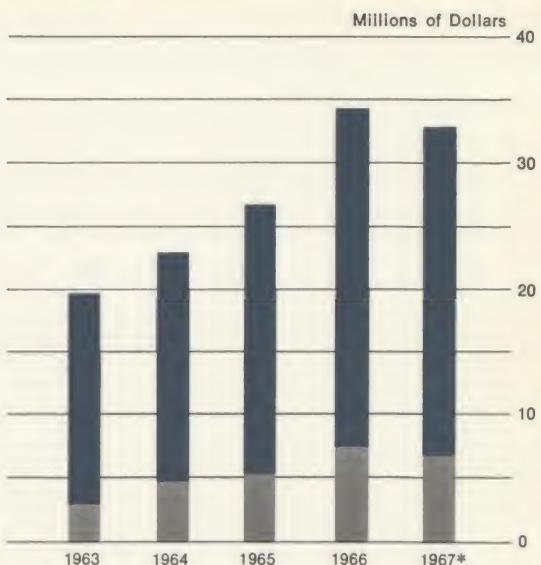
Container Corporation of America and Subsidiaries

A Glance at the Last Two Years	1967	1966
Sales	463 135 000	460 365 000
Earnings	32 906 000*	34 231 000
Per share	2.95*	3.06
Per cent to sales	7.1	7.4
Per cent return on shareholders' equity	14.7	16.8
Common stock dividends	14 555 000	13 996 000
Per share	1.30	1.25
Per cent of earnings	44	41
Retained earnings	19 416 000	20 235 000
Depreciation and depletion	20 752 000	19 593 000
Property additions and improvements	50 060 000	44 032 000
Working capital (current assets less current liabilities)	71 505 000	65 243 000
Taxes (federal, state, and local)	38 225 000	39 400 000
Per share	3.43	3.52
Book value per share	21.64	19.95
Capital per employee	16 800	13 900

*Excludes extraordinary earnings of \$1,065,000 or 10¢ per share.

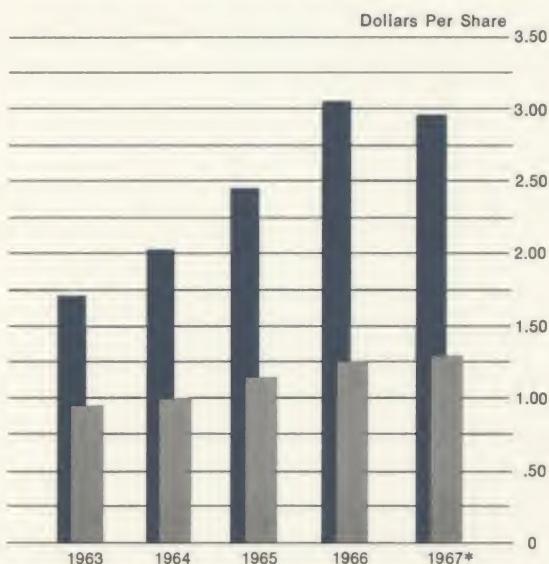
Sales

■ Domestic Sales
■ Overseas Sales

Earnings

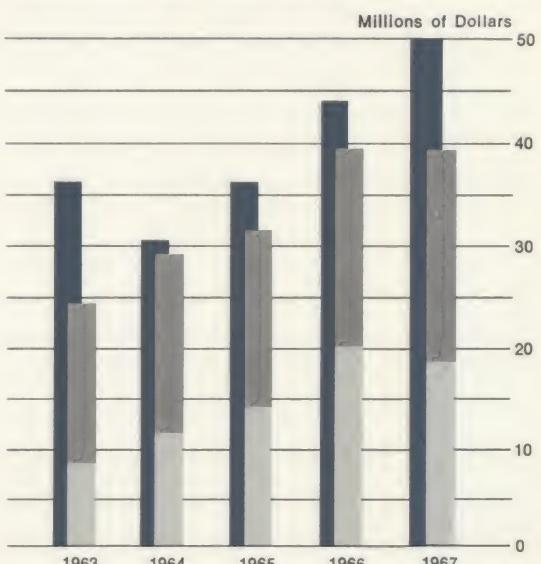
■ Domestic Earnings
■ Overseas Earnings

*Excludes extraordinary earnings of \$1,065,000.

Dividends and Earnings Per Share

■ Earnings
■ Dividends

*Excludes extraordinary earnings of 10¢ per share.

**Capital Expenditures
Depreciation and Retained Earnings**

■ Capital Expenditures
■ Depreciation and Depletion
■ Retained Earnings

**Packaging leadership maintained
in mixed economic climate**

Despite the relatively flat economies that prevailed last year in the countries in which Container Corporation of America has operations, the company achieved increased sales and maintained earnings at a level only slightly below the record high established in 1966.

During the first half of the year, the company continued the sales and earnings growth that has characterized its operations for the past six years.

**Demand softens
in third quarter**

In the third quarter, slackened demand for converted products, reduced running time at the containerboard mills, and a strike at one of the company's plants resulted in reduced earnings. Consequently, sales for the first nine months were only slightly ahead of 1966, while earnings fell six per cent below the first three quarters of the previous year.

**Profit decline halted
in final period**

This condition was improved in the final quarter, when increased sales were achieved at improved prices and the declining profit trend was halted.. Sales in the last three months totaled \$117,901,000, with profits of \$8,348,000 representing a slight improvement over the comparable period last year.

**Container sales reach
\$463,135,000 in 1967**

Sales for the full year totaled \$463,135,000, exceeding the all-time high of \$460,365,000 achieved in 1966, enabling the company to maintain its position of leadership in the paperboard packaging industry.

**Earnings total \$32,906,000
or \$2.95 per share**

Earnings in 1967 amounted to \$32,906,000, dipping 4 per cent below the \$34,231,000 record achieved in 1966, but remaining 20 per cent ahead of the \$27,301,000 earned in 1965. These earnings do not include extraordinary income resulting from the sale of West German properties and an additional provision made to a reserve for early retirement of obsolete plant and equipment as our program of modernization and expansion continues.

Earnings per share in 1967 were \$2.95, compared with \$3.06 per share for the previous twelve months. The 1967 profits of Container Corporation represent a return of 14.7 per cent on invested capital, a rate of return which continues as one of the highest in the industry.

Annual dividend is highest in history

Cash dividends paid to holders of the company's common stock last year amounted to \$1.30, the highest annual dividend paid in the company's history. Dividends of \$1.25 per share were paid to stockholders the previous year.

At the end of 1967, there were 11,143,061 shares of common stock outstanding. Stock was held by a total of 19,278 individuals, in addition to brokers, institutions and corporations. Individuals owning stock in Container Corporation of America reside in each of the 50 states and 24 other nations.

The corporation purchased 65,000 shares of its common stock during 1967. These shares, along with those acquired in previous years, are held for various corporate purposes, including future acquisitions.

Finished packaging accounts for 84 per cent of sales

Finished packaging products accounted for \$391,011,000, or 84 per cent of 1967 sales. Included in this total were sales of corrugated and solid fibre shipping containers, folding cartons, fibre cans, multiwall bags, point-of-purchase displays and plastic packaging for consumer and industrial products. The major share of these sales was concentrated in custom-designed packages developed to meet specific marketing, distribution or production needs of customers served by Container Corporation.

The remaining \$72,124,000, or 16 per cent, resulted from sales of paperboard, waste paper and other items.

Although Container Corporation continues to place its primary emphasis on finished packaging rather than paperboard production, its position as the nation's largest fabricator of paperboard packages makes the company the second largest domestic producer of paperboard. In 1967, the 14 domestic mills of Container Corporation produced 1,272,000 tons of paperboard, 5.5 per cent of the industry total.

In producing 23.1 million tons of paperboard last year, the industry operated at 87 per cent of capacity.

Container Corporation domestic mills operated at 93 per cent of capacity during 1967.

Overseas leadership position maintained

The leadership position which Container Corporation of America occupies in this country is also maintained in Western European and Latin American nations in which its subsidiaries

operate paperboard mills and package manufacturing plants. Operations of these subsidiaries last year accounted for 25 per cent of total sales and 22 per cent of earnings. Sales by these subsidiaries amounted to \$115,630,000 in 1967, compared with sales of \$111,160,000 in 1966.

Profits from overseas subsidiaries totalled \$7,065,000, compared with \$7,690,000 in the previous year. This decrease in earnings was largely due to the relatively sluggish economy of West Germany.

**West German properties
sold to Canadian firm**

In December, Container Corporation announced the sale of all of the outstanding shares of its West German subsidiaries to a Canadian company. The sale of these properties resulted in extraordinary earnings of \$2,521,000, after all taxes. The company plans to continue to own and operate subsidiary companies in the Netherlands, Italy, Colombia, Mexico and Venezuela, and is actively pursuing opportunities for expanding operations in these and other lesser-developed countries which offer greater opportunities for investment.

**Capital investment program
continued in 1967**

To strengthen its position in all of the nations in which it has operations, the company expanded its program of selective capital investment during 1967.

Capital expenditures of \$50 million were made last year, compared with \$44 million in 1966 and \$36 million in 1965. Funds for this program, which will be continued in 1968, were generated largely through a combination of retained earnings and depreciation.

The objective of this program is to meet the present and future needs of the marketplace, and to provide the company with the most modern and efficient plants and equipment available. The 1967 program included significant capital improvements at many of the company's 120 plants and mills, as well as construction of new facilities, here and abroad.

**New facilities built
in Latin America**

In Mexico City, a new shipping container plant will begin production in the first quarter of 1968, supplementing the existing plant which was expanded in 1966.

A program for the modernization of the linerboard machine at Caracas, Venezuela, will be completed early in 1968.

The installation of a unique facility to bleach semi-tropical hardwood pulp, a recovery boiler and additional digesters will improve quality, reduce costs and expand the capacity of the Cali, Colombia, pulp mill.

In Turbo, Colombia, the company began operations in a new shipping container plant which specializes in the fabrication of banana boxes for export.

Modern fabricating equipment is now being installed in the Cali carton plant, to enable the company to expand production of consumer packaging for the Colombian market.

A new facility for production of multiwall bags for cement and other products in Barranquilla, Colombia, began operations in late 1967.

Netherlands plant expansion completed

Installation of a new corrugator and other modern fabricating equipment in the Soest container plant was completed in 1967, enabling this plant to increase its share of the growing Netherlands market.

The capacity of the company's paperboard mill in Milan, Italy, will be increased upon completion of an expansion program there next year.

Domestic container plants to be constructed in 1968

To serve the rapidly expanding southern California market, the company is building an additional shipping container plant in the Los Angeles area. This facility will be completed early in 1968, at a cost of \$4 million.

A similar investment is programmed for a new shipping container plant currently under construction in northern Ohio.

Expansion of the company's St. Louis container fabricating plant was completed; and shipping container fabricating operations were begun in the new Shelby, North Carolina, plant in May, 1967.

Expansion and modernization programs also were completed at shipping container plants in Baltimore and Nashville.

Carton fabricating operations extended

Substantial expansion of the Solon, Ohio, folding carton manufacturing plant was completed in mid-1967.

Addition of a second rotogravure printing press and modern fabricating equipment at its Valley Forge-Philadelphia carton plants will expand the company's capacity for high-speed

production of packages for consumer products. Construction of a new folding carton plant in the southeastern U.S. in 1968 has been approved. Expansion of the fibre can plant in Piqua, Ohio, was completed in mid-1967.

**Three new plastics plants
opened in 1967**

The plastics division of Container Corporation began operations in a new fabricating plant in the Atlanta area. The plant manufactures plastic drums, tanks, and other industrial containers.

The division also built a new plant in Addison, Illinois, consolidating operations of two older plants in the Chicago area, and expanding production capabilities for several types of plastic molding.

A new plant in Nesquehoning, Pennsylvania, will manufacture expanded polystyrene egg cartons, opening a new market that holds considerable promise for the division.

**Research and marketing center
completed in Chicago area**

The container division completed construction of a modern research and marketing center adjacent to its new shipping container plant in Carol Stream, near Chicago, Illinois.

Another significant addition to the Carol Stream complex is a modern transportation center, which services and repairs company trucks and materials handling equipment for mid-western divisions.

A new marketing center and divisional headquarters was opened at Santa Clara, California, to enhance packaging services which all divisions perform for west coast manufacturing and processing industries.

**Paperboard mill expansion
program continued**

Expansion of the Circleville, Ohio, paperboard mill was completed in 1967, increasing its capacity by 25 per cent. The mill manufactures corrugating medium.

A new computer and sophisticated instrumentation equipment were installed in the company's Brewton, Alabama, mill in 1967, increasing efficiencies at that facility.

A \$7 million expansion program at the Los Angeles paperboard mill will be completed in 1968, increasing capacity there by 30 per cent, and enabling the company to meet the growing requirements of west coast customers.

Pulpwood supply increased through timber purchases

To help ensure a future supply of pulpwood for its domestic paperboard mills, Container Corporation invested \$10,596,000 in its timberland acquisition program in 1967. The company currently owns or controls 651,387 acres of timberland adjacent to its linerboard mills. In addition, the company last year increased its investment in the T. R. Miller Mill Company, Inc. at Brewton, Alabama, which owns 194,000 acres of timberland. Pulpwood harvested from these timberlands is supplemented by active timber procurement and forest management programs conducted for independent landowners and forest farmers near its southern and northern paperboard mills.

Container employees share in benefit programs

Last year, Container Corporation contributed \$2,402,496 to its stock bonus plan for the benefit of 2,169 employees who are members of the plan. At the end of 1967, the Container Common Stock Trust Fund owned 834,354 shares of the outstanding common stock of the company.

Under the company's pension plans, a total of 1,258 domestic employees or their joint annuitants were receiving pensions at the end of 1967. A total of 2,045 employees have received pensions since the original plans were instituted.

Contributions of \$391,000 made by Container Foundation

The Container Corporation of America Foundation, a non-profit corporation established to aid charitable, scientific and educational institutions, last year made grants totalling \$391,000. Of these, 70 per cent were made to educational institutions and 30 per cent to charitable and scientific organizations. The company contributed \$348,000 to the foundation in 1967.

Vice presidents elected by board of directors

At its April meeting, the board of directors of Container Corporation of America elected R. Harper Brown a senior vice president of the company. Mr. Brown has been a vice president, with management responsibility for domestic folding carton operations, since 1965.

At the same meeting, the directors elected Richard C. Bittenbender, vice-president, personnel. Mr. Bittenbender's election keyed the strengthening and broadening of personnel staff activities and evidenced a continued emphasis on personnel development.

**Decentralized operations
encourage development**

Container Corporation takes great pride in the quality and competence of its people. In an organizational structure unique to the industry, decentralization fosters an entrepreneurial environment of a distinctive nature.

An essential ingredient of planned growth and expansion is the continued attraction and development of exceptional people.

Broadened personnel programs will ensure that the company will continue to have the high standard of professional management in the future that it has enjoyed in the past.

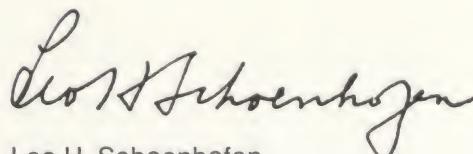
**Creative packaging services
offer growth opportunity**

A basic element that has historically distinguished Container Corporation has been its ability to create and produce packages that add value to thousands of consumer and industrial products. Primary emphasis has been placed on the development of packaging ideas and services to meet specific needs of customer companies, and to improve the marketing and distribution of their products. The company intends to continue this service orientation in the future, as the principal means of ensuring continued growth and success.

**Broader capital structure
to aid diversification**

At the same time, the company is exploring opportunities for growth through the addition of new product lines.

At the 1968 annual meeting, shareholders will be asked to approve an increase in the authorized stock of the company. It is the desire of management to increase the common stock from 15 million to 20 million shares and to establish a new issue of 5 million shares of preferred stock with no par value. This broadening of the company's capital structure will provide management with greater flexibility in making possible acquisitions for diversification.



Leo H. Schoenhofen

President and Chief Executive Officer

The annual meeting of the shareholders will be held on Tuesday, April 16, 1968. A notice of the meeting, together with a form of proxy and proxy statement, will be mailed to shareholders on or about March 14, 1968, at which time proxies will be requested by the management.



Packaging is progress.

It's the catalyst in the process
that converts natural resources
into distributable wealth.

Packaging transforms ideas
into active realities.

It adds value to its contents,
enhancing new products,
new markets, new companies.

Packaging is protection.

It's paperboard; it's plastic.
It's materials and machinery,
married to products
carried to market.

Packaging brings efficiency
to the complex process
of marketing and production,
distribution and consumption.

It makes the process work
better, smoother, faster.

It moves products off the farm,
through the plant,
through the warehouse;
via truck, train, ship, plane,
conveyor, lift truck, crane;
onto the dock, into the stockroom
and out, onto the shelf
where it briefly sits,
communicating the promise
of what's inside;
selling, compelling,
enticing, inviting:

"Pick me up! Take me along!
Buy me! Use me! Enjoy me!"

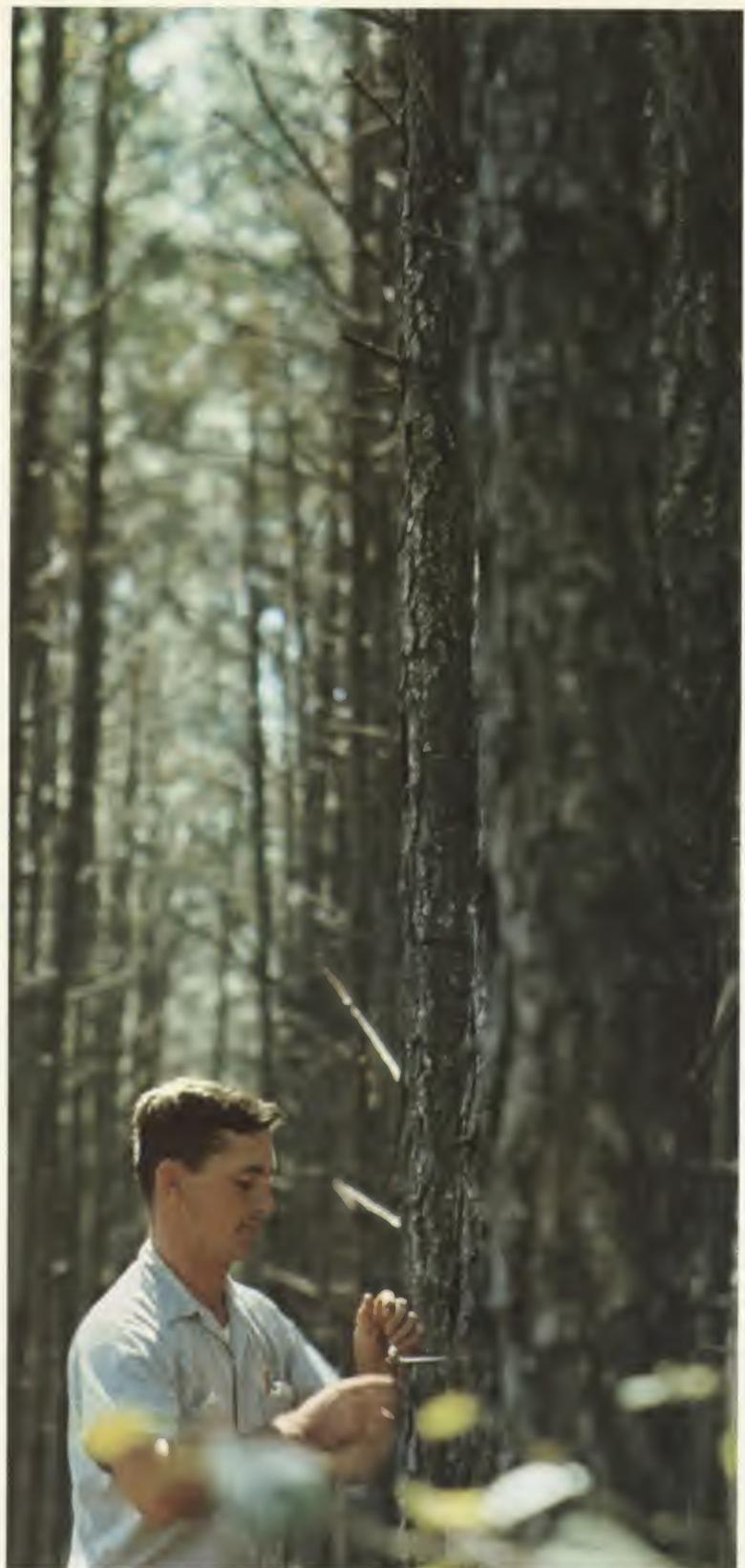
To the consumer,
packaging is performance,
convenience and leisure;
the difference between a shopping trip
and a hunting expedition,

between a day over a hot stove
and a few minutes in a cool kitchen.
It's the silent host at the dinner table,
the picnic the whole family can enjoy,
the coffee break that comes each morning
she might have peeled potatoes
or cried over onions,
the vacation that comes every afternoon.

At Container Corporation of America,
packaging is people,
perceptive, inventive, thoughtful people,
creating and producing packages
to meet specific product needs;
bringing benefits to consumers;
understanding their needs and wants;
finding ways to satisfy them;
working together throughout the process;
applying diverse skills and talents:
designers and researchers,
printers and diemakers,
machinery builders and operators,
packaging engineers, foresters, managers,
and dozens of others.

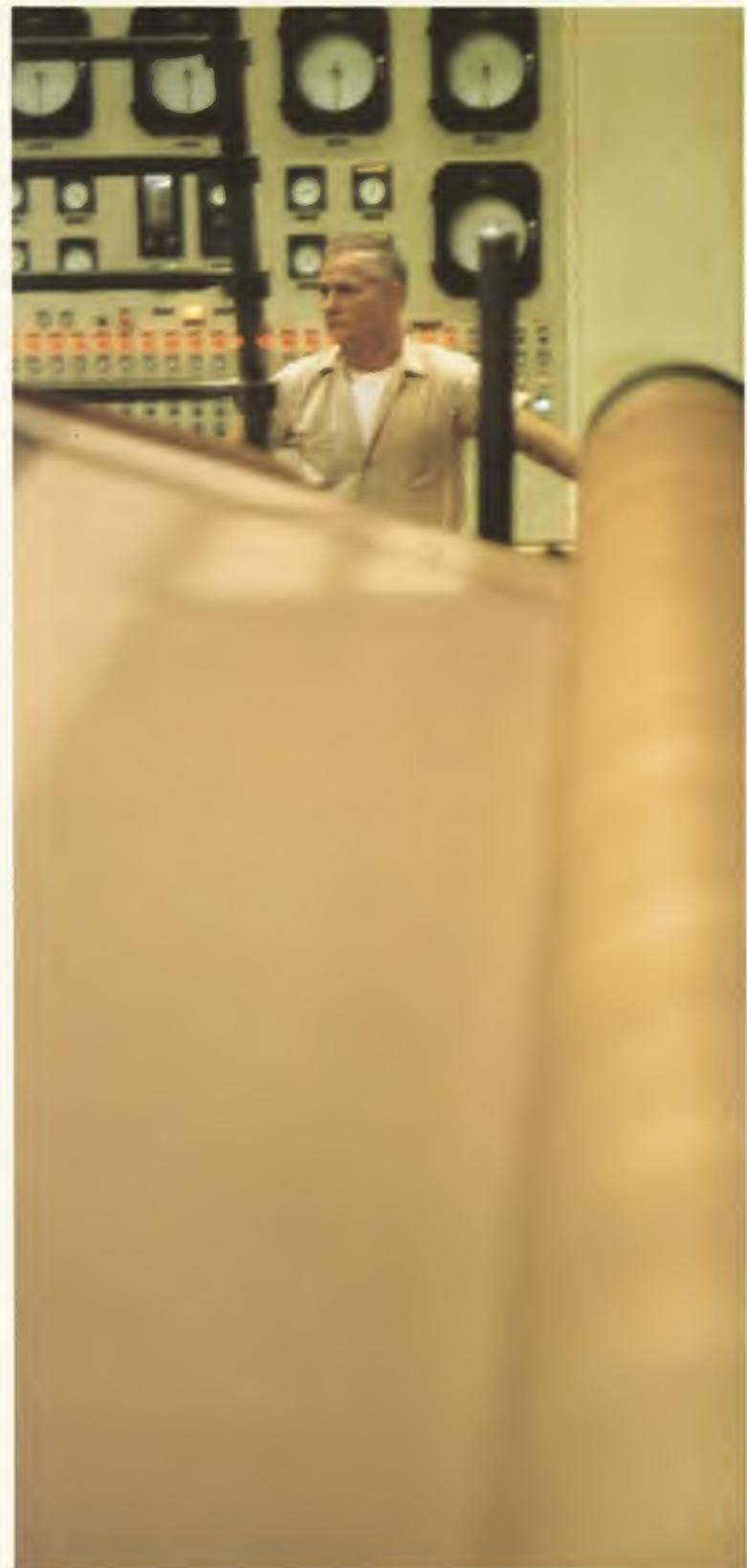
These are the people of Container Corporation,
the extraordinary people
who make our packages work
as partners of the products
of those we serve:

"it takes a generation to grow a tree. we manage for a generation or two ahead, determining how much pulpwood we'll need, making sure we know where it'll come from, supervising cutting and planting, projecting, planning and conserving, and encouraging our pulpwood suppliers to cut down erosion and prevent fires. we're developing trees that will grow faster, providing better fibres and more fibres per acre. we plant two trees for every one we cut down. our timberlands have more trees now than last year, and next year they'll have more. the way this country is growing, we'll need them, and so will you."



forester

"all the new machinery and all the computers and all the instruments we have now take a lot of the guesswork out of making paper; but it still is a craft, or maybe an art. you get so you're able to know quality, and help make it. take pride in it. the machinery and the instruments are an important part of the quality control. but it still takes the artisan. a paper-maker who's been around, that and the pride."



paper machine operator

"what people want most is convenience, but people's wants don't stop there; they want other things just as much. our job is to find out what, and how. research is a fancy way of saying 'let's find out.' from product development and materials research to package testing and quality control, we do it all. analyzing, testing, surveying, exploring, improving the basic materials we use; combining paperboard and plastic with other materials, developing packages that will effectively contain anything that needs to be contained, finding ways to make new packages that run better on customer filling lines and open easier and faster in consumer kitchens, testing those packages in our laboratories to make sure they'll perform to meet our standards, which means the standards of customers we serve."



researcher

"we're really builders, builders with paperboard and plastic. we design the actual structure of a package. we make it fit the product. they become practically inseparable. to make them that way is our aim. we start with study, inquiry, examination; we look at dimension, stacking, weight, form, line; we decide what the product needs, for the customer filling line and warehouse, for the consumer refrigerator and pantry. we build it right up from the concept; we transform it into a reality that works most effectively with the product at all levels of performance."



"the company has always been linked with creativity. ideas and excellence in design go together. we're really an idea company, a thinking company, and it's more than packaging that we think about, although packaging is what sustains us. we also do product design and total corporate identity programs for companies, and market research and marketing consultation. creation of a package begins with market research probing into the attitudes of consumers, determining their needs and wants and preferences, evaluating all the factors that might affect the success of a product in the marketplace, using them as the basis for a design which is again submitted to research tests for legibility, visibility, eye attraction, brand identification and product identification, pretested under controlled conditions in the labs with the aid of scientific instruments. the package design that passes these tests is ready to meet the test of the marketplace."



graphic designer



"when you look at a package and what's inside,
it looks pretty simple; nothing much to it.
that's deceptive because there's a lot to it.
packages have to be filled, closed and sealed,
speedily, efficiently, and economically.
container corporation creates the machinery.
we collaborate with customers and suppliers,
concentrate on important things in a customer's
plant. we design machinery for use in a customer
plant to fill the packages we design and produce, to
close them, seal them, get them on their way."

"to most people they look like ordinary brown boxes; we don't see them that way. that's not the way our customers see them either. they're custom-made parts in a very involved cycle of moving products and protecting them. we start with the right grade of quality paperboard, linerboard and corrugating medium. we combine them into corrugated board. from this we make corrugated boxes to fit a product. we fit them to the needs of the customer's process, shipping, warehousing, inventory control. to us a box is never just a box; it does too many things to be a 'just' anything. boxes are special and we make very special boxes. we make more of them than anyone in the country. we've spent 40 years learning to make them better at plants in six countries, to make them work better for the people who use them."



corrugated technical superintendent

"it's like making a dozen jigsaw puzzles at once, and every part of each one is exactly the same. if you're off by five thousandths of an inch, the carton won't form properly; the production line in some customer's plant will be jammed up for half a day. die making is precision work, translating an idea into the reality of a package, linking creative custom package design with mass production of those packages. every carton produced with a multiple-carton die must be cut and creased in precisely the same way. it doesn't matter where the boxes will be made; here in mexico, in the states, or on the continent. the problem is the same, and our solution is the same. precision work makes us number one in the business. we put the quality in here, where nobody sees it, and we have quality at the end of the line, where it really counts."

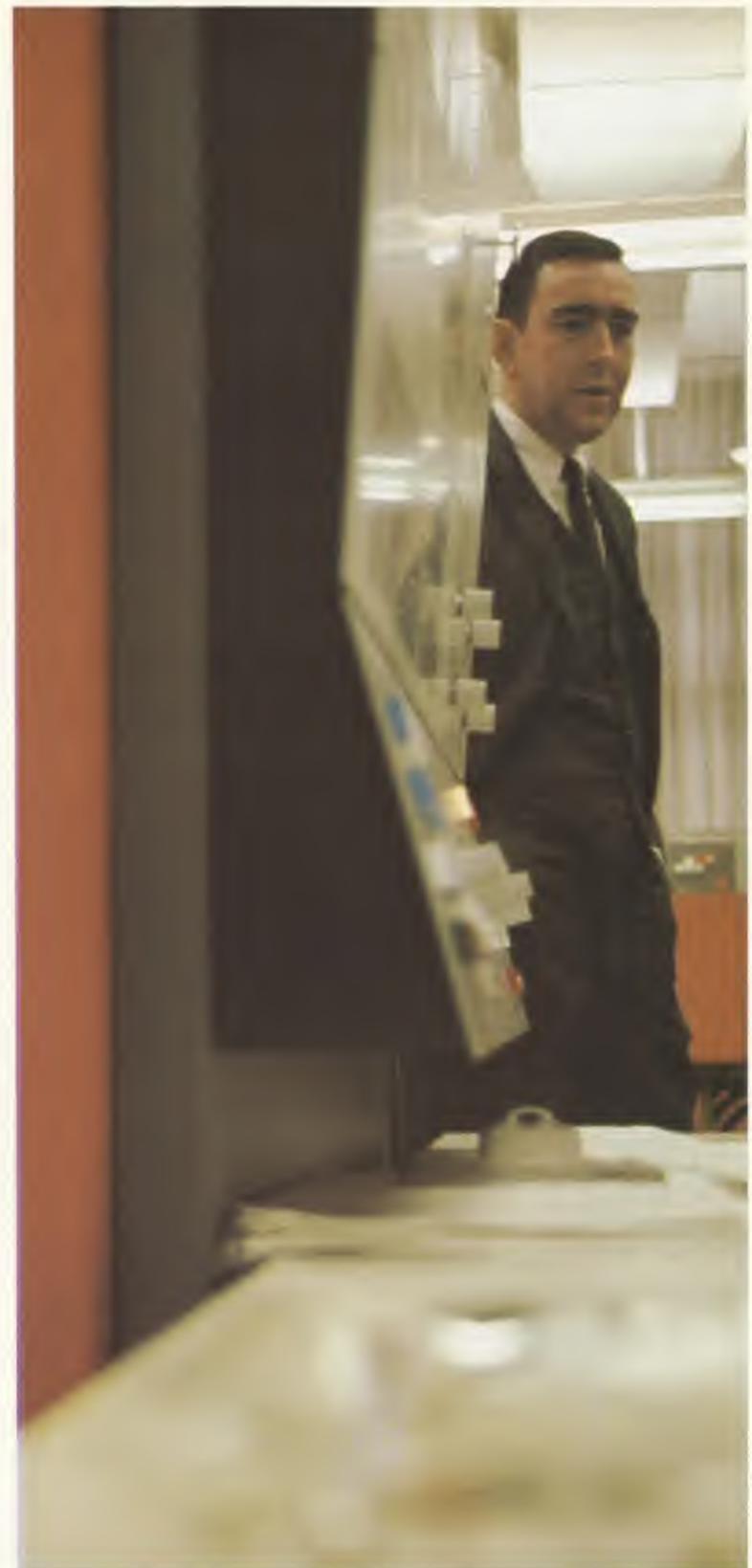


die maker

"the best package design in the world is a fizzle if the execution is wrong on the press. a lot of time and money and people are involved in engraving, designing, die-cutting, ink mixing. many operations go into making a package. people performing them recognize their importance, the importance of quality input. but for paperboard packaging, the result of all that effort might go down the drain with printing quality that's anything less than perfect. the press work must be right, or righter than right. and that holds true whether the job is offset, letterpress, gravure or whatever. we have all the equipment, and men who get the most out of the equipment."



"in the control function, we operate in two spheres: there's the straight accounting part of it, recording financial performance, what could be called a historical function, reviewing and recording what happened. more important, though, is the other dimension. that's where we earn our keep. with each facility operated as a separate profit center, the control in the word controller really means that. it's no longer history we're playing with; it's right now, tomorrow, and a year from now. a good financial man can really make a contribution to sales and production and planning, our own and the customer's, and the real kick comes when you see it all work out just the way you said it would."



plant controller

"in the strictest sense, we're not really salesmen, at least not the way you read about them in books. we're more like counsellors or problem solvers. it's a matter of projecting outside of ourselves into the situation of the person using our packages. we have to look beyond the package, think of packaging systems that will solve his problem with design, machinery, marketing or materials. helping him calls for a kind of external view, looking at the package not as ours but as his. will the package protect and sell his product? will it move easily in distribution? will the consumer like it? is something else better? can we make it better? we answer a lot of questions, our own mostly. we make the customer's questions our questions. if you asked me who I worked for, I probably wouldn't say for container corporation; I'd say for each of the customers I have. container corporation likes it that way."



packaging engineer

"container offers an opportunity to make decisions. to our customers we're the local businessmen contacting them at their level. we're not the regional division or branch office. we're a small local company; we worry about their packaging, right here and now. we're small enough to worry about them, small enough to need them, and big enough to have all the resources they need. mostly though, we think about making packages, packages that will help them sell their products. that's what it's all about, organizing a group of people so that their efforts benefit our customers and earn us a profit. we have over a hundred similar organizations all around the world."



general manager



The accounting and financial principles which affect the more significant elements of the company's financial statements are described below

Inventories	Inventories are valued at the lower of cost or market. Cost is determined on an average method for raw materials, work-in-process and finished goods.
Property and Depreciation	Additions to plant and equipment are recorded at cost. Since 1966 the cost of land and building acquisitions financed by long-term lease arrangements have been recorded in the property accounts and the corresponding obligations recorded as long-term liabilities. Depreciation for corporate reporting purposes is determined on a straight-line basis at rates adequate to depreciate the applicable assets over their expected average useful lives. For federal income tax purposes, maximum allowable depreciation is claimed.
Deferred Federal Taxes	The company provides currently for federal income taxes on all material items included in the earnings statement, regardless of the period when such taxes are payable. The net total of such taxes provided, not currently payable, is classified as a deferred liability on the balance sheet.
Investment Credit	The reduction in federal income taxes resulting from the investment credit on additions to equipment is reflected in the statement of earnings currently.
Pensions	The provision charged to earnings each year is sufficient to cover the pension plan normal cost and interest on the past service liability and to maintain the pension fund at a level sufficient to cover vested benefits.
Overseas Subsidiaries	The consolidated financial statements include all of the company's significant overseas subsidiaries. The accounts of the overseas subsidiaries are translated to U.S. dollars based on official or free rates of exchange as follows: plant and equipment accounts at historic rates; other assets and liabilities at rates in effect at the end of the year; income accounts, with the exception of depreciation translated at historic rates, at the applicable rates during the year.
Currency Devaluation Reserve	The company maintains a reserve for possible reduction of asset values occasioned by overseas currency devaluations.
U.S. Federal Income Taxes on Overseas Earnings	U.S. federal taxes are provided only on those earnings of overseas subsidiaries remitted to the United States as dividends.
Goodwill	Goodwill resulting from acquisition of subsidiaries is amortized against consolidated earnings over a reasonable period.
Research and Development	Research and development costs are expensed as incurred.

The above financial and accounting principles and policies have been followed in 1967 on a basis consistent with that followed in 1966.

Consolidated Balance Sheets—December 31, 1967 and 1966

Assets	1967	1966
Current assets		
Cash	\$ 9 260 000	\$ 11 716 000
Marketable securities, at cost which approximates market	22 363 000	20 315 000
Receivables, less reserves	47 572 000	46 876 000
Inventories, at the lower of average cost or market	41 909 000	48 687 000
Prepaid expenses	4 126 000	5 620 000
Total current assets	125 230 000	133 214 000
Investments and advances, at cost	20 312 000	14 504 000
Property, at cost		
Timberlands, less depletion	39 138 000	29 737 000
Land, buildings, machinery, equipment, etc.	396 335 000	387 261 000
Less—Reserves for depreciation	188 072 000	180 747 000
Total property	247 401 000	236 251 000
Deferred charges	4 415 000	4 025 000
	\$397 358 000	\$387 994 000

(1) Sinking fund requirements for the 3.30% sinking fund debentures are \$1,400,000 annually through 1979 and \$8,400,000 in 1980 and for the 4.40% sinking fund debentures are \$1,000,000 annually through 1986 and \$6,000,000 in 1987. Under the terms of the more restrictive of the indentures and certain other restrictions, approximately \$101,000,000 of the consolidated earnings retained at December 31, 1967, were not restricted as to cash dividends on and acquisitions of the company's capital stock. Other long-term debt relates primarily to overseas subsidiaries and matures in varying installments principally over the next five years.

Total interest expense on both long-term and short-term obligations was \$4,278,000 in 1967.

(2) The Container Corporation of America Retirement Plan covers a majority of the employees of the company. The total cost of this plan for the year was \$2,234,000 which included interest on the unfunded prior service cost of the plan. There were no vested benefits unfunded at December 31, 1967. Certain changes during the year in actuarial assumptions used in computing pension costs had the effect of increasing net earnings after taxes for the year by approximately \$125,000.

Liabilities	1967	1966
Current liabilities		
Short-term loans and current portion of long-term debt	\$ 6 559 000	\$ 7 490 000
Accounts payable and accrued expenses	36 671 000	45 927 000
Accrued income taxes	10 495 000	14 554 000
Total current liabilities	53 725 000	67 971 000
Deferred income taxes and other liabilities	19 660 000	17 421 000
Long-term debt, less current portion (Note 1)		
3.30% sinking fund debentures, due 1980	22 638 000	23 865 000
4.40% sinking fund debentures, due 1987	23 066 000	24 006 000
Lease obligations	9 280 000	7 723 000
Other	16 898 000	13 890 000
Total long-term debt	71 882 000	69 484 000
Minority interest in subsidiaries	10 986 000	9 701 000
Shareholders' equity (Note 3)		
Common stock, \$5 par value; authorized 15,000,000 shares, issued 11,243,061 shares at December 31, 1967 (Note 4)	56 215 000	56 159 000
Shareholders' investment in excess of par value (Note 4)	9 491 000	9 322 000
Earnings retained for requirements of the business (Note 1)	178 602 000	159 186 000
Deduct—Cost of common stock held in treasury (100,000 shares at December 31, 1967)	3 203 000	1 250 000
Total Shareholders' equity	241 105 000	223 417 000
	\$397 358 000	\$387 994 000

(3) The Board of Directors, at their January, 1968 meeting, approved recommending to the shareholders that the authorized common stock of the Company be increased to 20,000,000 shares and that a new issue of 5,000,000 shares of no par value preferred stock be established.

(4) Under various stock option plans for officers and key employees, options to purchase 394,034 shares (62,166 exercisable) were outstanding at January 1, 1967. During the year, options for 83,243 shares became exercisable, options for 11,279 shares were exercised, options for 3,275 shares were cancelled and options for 24,250 shares were granted. At December 31, 1967, options to purchase 403,730 shares were outstanding at prices ranging from \$23.75 to \$33.31 per share, of which options to purchase 130,855 shares were exercisable. At December 31, 1967, there were 196,000 shares available for the granting of options. The increase in shareholders' investment in excess of par value during 1967 represents the excess of proceeds over par value of shares purchased under these options.

(5) In December, 1967, the Company sold its subsidiaries in West Germany at a net gain of \$2,521,000, after applicable income taxes of \$924,000. Also, the Company provided \$1,456,000, after applicable income taxes of \$1,344,000, for the estimated cost of the early retirement of obsolete plant and equipment.

Statements of Consolidated Earnings For the Years Ended December 31, 1967 and 1966

	1967	1966
Net sales	\$463 135 000	\$460 365 000
Cost of sales	358 635 000	354 759 000
Gross income from operations	104 500 000	105 606 000
Selling, administrative and research expenses	42 584 000	38 774 000
Income from operations	61 916 000	66 832 000
Other deductions, net	3 143 000	4 651 000
Earnings before income taxes	58 773 000	62 181 000
Provision for income taxes	25 867 000	27 950 000
Earnings before extraordinary items	32 906 000	34 231 000
Extraordinary items, less applicable income taxes (note 5)	1 065 000	—
Earnings for the year	\$ 33 971 000	\$ 34 231 000
Per share		
Earnings before extraordinary items	2.95	3.06
Earnings for the year	3.05	3.06

**Statements of Consolidated Earnings Retained for Requirements of the Business
For the Years Ended December 31, 1967 and 1966**

	1967	1966
Balance beginning of year	\$159 186 000	\$138 951 000
Earnings for the year	33 971 000	34 231 000
Cash dividends—Common stock (\$1.30 per share in 1967 and \$1.25 in 1966)	14 555 000	13 996 000
Balance end of year (Note 1)	\$178 602 000	\$159 186 000

The accompanying notes are an integral part of these statements.

Statements of Consolidated Application of Funds For the Years Ended December 31, 1967 and 1966

	1967	1966
Funds were provided from the following sources		
Earnings for the year	\$33 971 000	\$34 231 000
Provision for depreciation and depletion	20 752 000	19 593 000
Provision for early retirement of property	2 800 000	—
Increase in deferred income taxes and other liabilities	3 156 000	4 571 000
Increase in long-term debt	11 845 000	13 399 000
Increase in minority interest in subsidiaries	1 285 000	856 000
Increase in working capital from sale of German subsidiaries	9 862 000	—
Other	2 513 000	2 153 000
Total funds provided	86 184 000	74 803 000
Funds were expended for the following		
Property additions and improvements	50 060 000	44 032 000
Investment in T. R. Miller Mill Company, Inc.	6 403 000	11 342 000
Dividends on common stock	14 555 000	13 996 000
Reduction of long-term debt	6 054 000	3 747 000
Other	2 850 000	2 139 000
Total funds expended	79 922 000	75 256 000
Resulting in an increase (decrease) in working capital of	\$ 6 262 000	\$ (453 000)

Auditors' Report

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheet of Container Corporation of America (a Delaware corporation) and subsidiaries as of December 31, 1967, and the related statements of consolidated earnings, consolidated earnings retained for requirements of the business and consolidated application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the consolidated financial statements for the preceding year.

In our opinion, the financial statements described above present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1967, and the results of their operations and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois, January 26, 1968.

Arthur Andersen & Co.

Domestic and Overseas Net Assets—December 31, 1967 and 1966 (in thousands of dollars)

	Consolidated		Domestic		Overseas	
	1967	1966	1967	1966	1967	1966
Net Assets						
Current assets	125 230	133 214	92 684	93 279	32 546	39 935
Current liabilities	53 725	67 971	39 617	47 278	14 108	20 693
Working capital	71 505	65 243	53 067	46 001	18 438	19 242
Plant and equipment, net	247 401	236 251	197 148	177 514	50 253	58 737
Investments and advances	20 312	14 504	19 436	13 168	876	1 336
Deferred charges	4 415	4 025	2 282	1 936	2 133	2 089
	343 633	320 023	271 933	238 619	71 700	81 404
Less						
Long-term debt	71 882	69 484	63 434	58 461	8 448	11 023
Deferred income taxes and other liabilities	19 660	17 421	15 439	13 003	4 221	4 418
Total net assets	252 091	233 118	193 060	167 155	59 031	65 963
Represented by						
Minority interest	10 986	9 701	—	—	10 986	9 701
Shareholders' equity	241 105	223 417	193 060	167 155	48 045	56 262
	252 091	233 118	193 060	167 155	59 031	65 963

Domestic and Overseas Earnings For the Years 1967 and 1966 (in thousands of dollars)

	Consolidated		Domestic		Overseas	
	1967	1966	1967	1966	1967	1966
Net sales						
Net sales	463 135	460 365	347 505	349 205	115 630	111 160
Earnings before income taxes	58 773	62 181	46 893	48 567	11 880	13 614
Provision for income taxes	25 867	27 950	21 052	22 026	4 815	5 924
Earnings for the year	32 906*	34 231	25 841	26 541	7 065	7 690

*Excludes extraordinary earnings of \$1,065,000.

Quarterly Earnings Per Share

	1967	1966
1st Quarter	.76	.74
2nd Quarter	.86	.85
3rd Quarter	.57	.75
4th Quarter	.76	.72
Total	2.95*	3.06

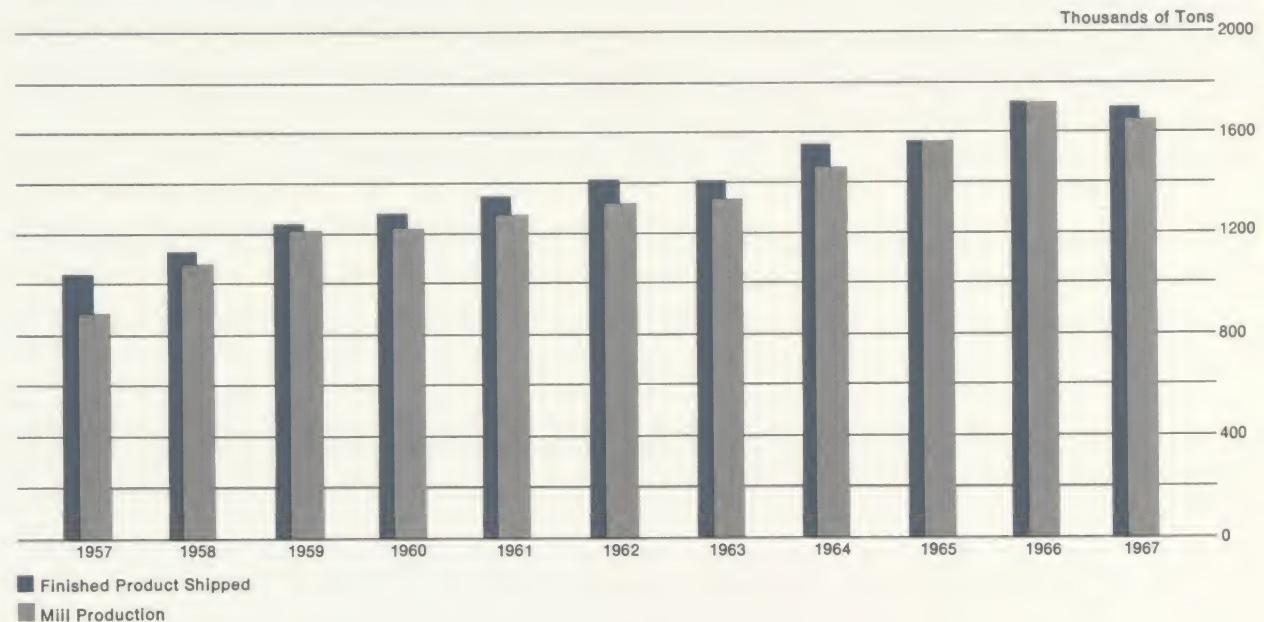
*Excludes extraordinary earnings of 10¢ per share

Dividends Per Share

	1967	1966
February	.32½	.30
May	.32½	.30
August	.32½	.32½
November	.32½	.32½
Total	1.30	1.25

Distribution of Sales Dollars According to Product Classifications

Corrugated and solid fibre shipping containers	220 572 000	47%
Folding cartons, fibre cans, paper bags and plastic products	170 439 000	37
Paperboard, waste paper, and other	72 124 000	16
Net sales	463 135 000	100%

Paperboard Production and Shipments

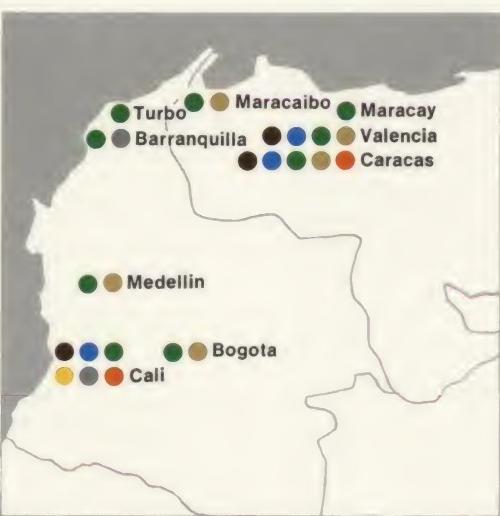
Financial Information For Ten Year Period Ended December 31, 1967

	1967	1966	1965
Net sales	463 135 000	460 365 000	405 689 000
Earnings before income taxes	58 773 000	62 181 000	50 159 000
Provision for income taxes	25 867 000	27 950 000	22 858 000
Earnings for the year	32 906 000*	34 231 000	27 301 000
Per share	2.95*	3.06	2.42
Per cent return on shareholders' equity	14.7	16.8	14.2
Total common stock dividends	14 555 000	13 996 000	12 848 000
Per share	1.30	1.25	1.15
Property additions and improvements	50 060 000	44 032 000	36 540 000
Depreciation and depletion	20 752 000	19 593 000	18 454 000
Current assets	125 230 000	133 214 000	114 279 000
Current liabilities	53 725 000	67 971 000	48 583 000
Working capital	71 505 000	65 243 000	65 696 000
Current ratio	2.33 to 1	1.96 to 1	2.35 to 1
Property, less reserves	247 401 000	236 251 000	211 866 000
Deferred income taxes and other liabilities	19 660 000	17 421 000	12 850 000
Long-term debt	71 882 000	69 484 000	59 832 000
Shareholders' equity	241 105 000	223 417 000	203 717 000
Book value per share	21.64	19.95	18.19

*Excludes extraordinary earnings of \$1,065,000 or 10¢ per share.

†Excludes extraordinary earnings of \$1,894,000 or 18¢ per share.

1964	1963	1962	1961	1960	1959	1958
390 575 000	356 814 000	343 045 000	330 098 000	327 262 000	322 287 000	289 600 000
42 100 000	39 372 000	38 290 000	36 808 000	35 411 000	39 404 000	31 180 000
18 960 000	20 247 000	19 620 000	18 510 000	18 335 000	19 765 000	16 100 000
23 140 000	19 125 000	18 670 000	18 298 000†	17 076 000	19 639 000	15 080 000
2.06	1.71	1.72	1.68†	1.57	1.83	1.41
12.9	11.4	12.0	12.6	12.4	15.4	12.2
11 055 000	10 003 000	8 867 000	9 627 000	10 580 000	10 532 000	10 509 000
1.00	.92½	.82½	.90	1.00	1.00	1.00
30 373 000	36 545 000	23 966 000	19 522 000	17 641 000	17 768 000	22 049 000
17 353 000	15 831 000	14 772 000	13 467 000	12 829 000	11 703 000	10 741 000
118 478 000	103 226 000	94 407 000	93 934 000	83 332 000	76 050 000	74 534 000
45 357 000	47 577 000	45 108 000	47 640 000	41 061 000	40 542 000	44 808 000
73 121 000	55 649 000	49 299 000	46 294 000	42 271 000	35 508 000	29 726 000
2.61 to 1	2.17 to 1	2.09 to 1	1.97 to 1	2.03 to 1	1.88 to 1	1.66 to 1
192 661 000	183 678 000	164 418 000	156 726 000	150 671 000	141 930 000	136 784 000
8 823 000	8 661 000	6 879 000	3 844 000	3 254 000	2 509 000	1 715 000
63 343 000	62 487 000	64 937 000	42 691 000	43 579 000	39 059 000	36 259 000
191 943 000	179 926 000	166 474 000	156 193 000	145 412 000	137 185 000	127 787 000
16.89	15.79	14.94	14.01	13.02	12.36	11.49



- Paperboard
- Folding Cartons
- Shipping Containers
- Fibre Cans
- Plastics
- Paper Stock
- Multiwall Bags
- Displays
- Research, Marketing and Design



The people and plants of Container Corporation of America today serve customers on three continents. At year's end, a total of 19,290 persons were employed at 120 plants and mills located in the United States, the Netherlands, Italy, Colombia, Mexico and Venezuela. The West German properties were sold as of December 31, 1967.

Directors

Robert O. Anderson, Chairman and
Chief Executive Officer, Atlantic Richfield Company,
Philadelphia, Pennsylvania
Thomas F. Cass, Executive Vice President,
Chicago, Illinois
Frederick S. Crysler, Executive Vice President,
Chicago, Illinois
William P. Drake, President and
Chief Executive Officer, Pennsalt Chemical Corporation,
Philadelphia, Pennsylvania
Gaylord A. Freeman, Jr.,* Vice Chairman of the Board,
The First National Bank of Chicago,
Chicago, Illinois
Albert H. Gordon,* Chairman of the Board,
Kidder, Peabody & Co., Incorporated,
New York, New York
Robert S. Ingersoll,* Chairman and
Chief Executive Officer, Borg-Warner Corporation,
Chicago, Illinois
John F. Merriam,* Chairman of the Executive Committee,
Northern Natural Gas Company,
Omaha, Nebraska
Spencer D. Moseley, Consultant,
Chicago, Illinois
Leo H. Schoenhofen,* President and
Chief Executive Officer,
Chicago, Illinois
Henry G. Van der Eb, Executive Vice President,
Chicago, Illinois

Container Corporation of America
38 South Dearborn Street
Chicago, Illinois 60603

**Executive Officers**

Leo H. Schoenhofen, President and
Chief Executive Officer
Thomas F. Cass, Executive Vice President
Frederick S. Crysler, Executive Vice President
Henry G. Van der Eb, Executive Vice President
Carl M. Blumenschein, Senior Vice President, Finance
Harry E. Green, Senior Vice President and General Counsel
Paul W. Guenzel, Vice President and Treasurer
Laurence A. Combs, Vice President
Edward K. Meier, Secretary
Robert E. Feltes, Controller

*Member of Executive Committee

Divisional Vice Presidents

Paperboard Mills
Donn O. Jennings
Robert E. Phinney
William B. Whiting
Shipping Containers
Everett G. Temple, Senior Vice President
Albert L. Ahlers
Charles B. Bishop
Edwin H. Bixby
Lewis M. Cutter
Macon M. Dalton
Frank G. Jones
James F. Tate
Richard C. Winkler
Folding Cartons
R. Harper Brown, Senior Vice President
Paul A. Graf
J. Donald Scott
David C. Whitehouse
Fibre Cans
Thomas L. Benson, Jr.
Robert J. Brockman

Plastics
Jerome S. Heisler
Overseas
Earl P. Kaufman
William H. Richards
Lennart M. Ulvaeus
Personnel
Richard B. Bittenbender
Research
William P. Peters

Transfer Agents

Harris Trust and Savings Bank,
Chicago, Illinois
First National City Bank,
New York, New York

Registrars

Continental Illinois National Bank and Trust Company,
Chicago, Illinois
Chemical Bank New York Trust Company,
New York, New York



